MILLIMAN CLIENT REPORT

July 2019 Healthy Connections Prime Capitation Rate Amendment – Medicaid Rate Component FINAL

July 1, 2019 through December 31, 2019

South Carolina Department of Health and Human Services

October 1, 2019

Prepared for:
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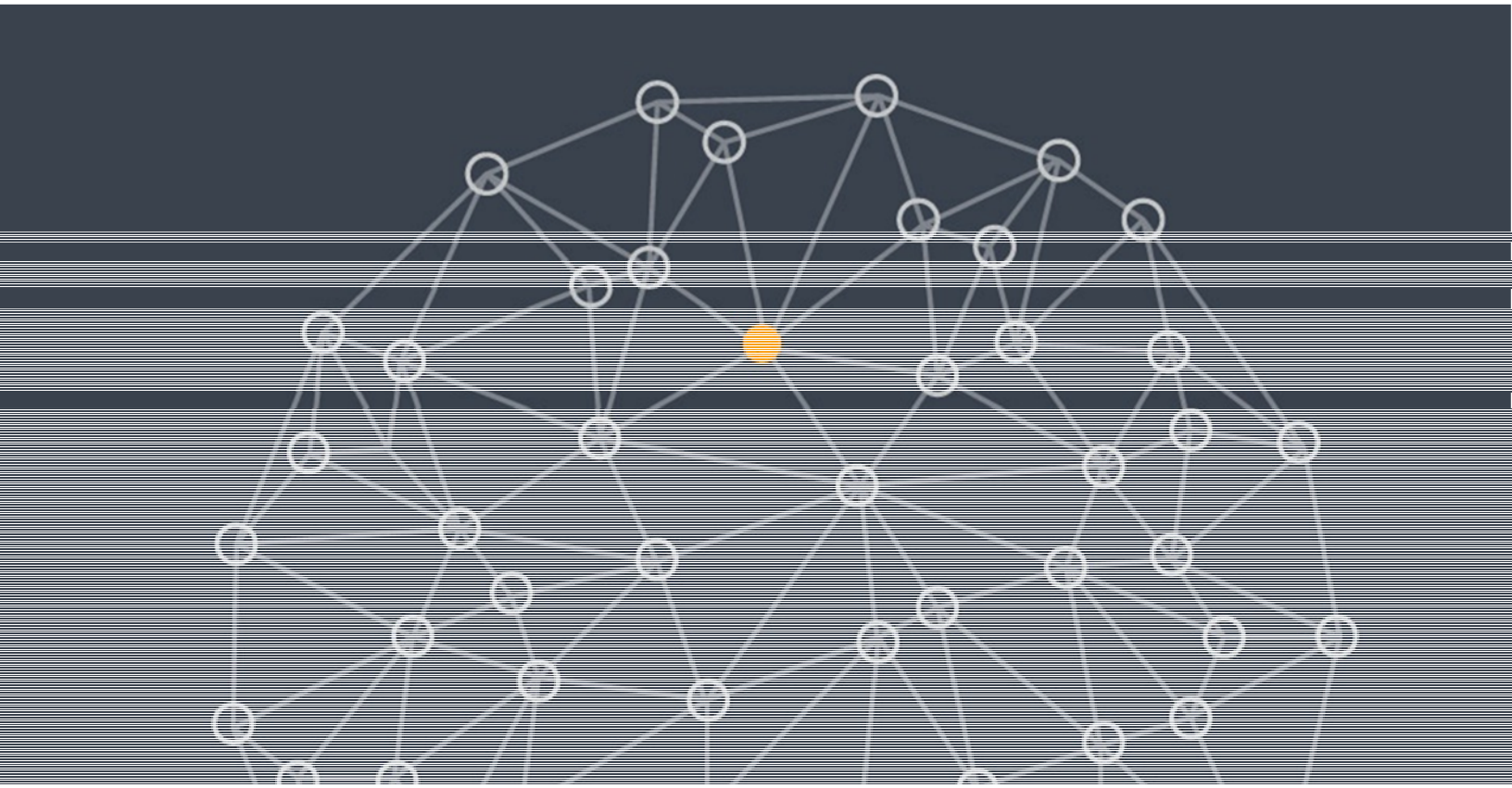

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I. Background

Milliman, Inc. (Milliman) has been retained by the State of South Carolina Department of Health and Human Services (SCDHHS) to provide actuarial and consulting services related to the development of actuarially sound capitation rates for the Healthy Connections Prime Program (Prime). This report provides a summary of the methodology used in the development of an amendment to the certified calendar year (CY) 2019 capitation rates that will be in effect July 1, 2019 through December 31, 2019. Healthy Connections Prime is South Carolina's managed care program for the dual eligible (Medicare-Medicaid) population.

This report is an amendment to the documentation of the capitation rates developed for CY 2019. The previously certified capitation rates were approved by CMS on September 4, 2019. The documentation of the approved CY 2019 capitation rates was provided in the following correspondence from Milliman, dated September 10, 2019:

- *Calendar Year 2019 Healthy Connections Prime Capitation Rate Certification – FINAL (Original)*

We have updated the capitation rates to include new reimbursement adjustments, new state plan services, and enrollment shifts that were not reflected in the Original certification. **Unless otherwise stated, the methodology and assumptions utilized are consistent with the capitation rate certification documentation included in the Original report.**

This letter provides the documentation for the development of the actuarially sound capitation rates for July 1, 2019 through December 31, 2019. It also includes the required actuarial certification in Appendix A. Unless otherwise specified, all references to "rates" or "capitation rates" throughout this document refer to the Medicaid-specific component of the Healthy Connections Prime program capitation rates.

The capitation rates provided under this certification are "actuarially sound" for purposes of 42 CFR 438.4(a), according to the following criteria:

- The capitation rates provide for all reasonable, appropriate, and attainable costs that are required under terms of the contract and for the operation of the managed care plan for the time period and population covered under the terms of the contract, and such capitation rates were developed in accordance with the requirements under 42 CFR 438.4(b).

Assessment of actuarial soundness, in the context of Prime, should consider both Medicare and Medicaid contributions and the opportunities for efficiencies unique to an integrated care program. CMS considers the Medicaid actuarial soundness requirements to be flexible enough to consider efficiencies and savings that may be associated with Medicare. Therefore, CMS does not believe that a waiver of Medicaid actuarial soundness principles is necessary in the context of this Demonstration.

To ensure compliance with generally accepted actuarial practices and regulatory requirements, we referred to published guidance from the American Academy of Actuaries (AAA), the Actuarial Standards Board (ASB), the Centers for Medicare and Medicaid Services (CMS), and federal regulations. Specifically, the following were referenced during the rate development:

- Actuarial standards of practice applicable to Medicaid managed care rate setting which have been enacted as of the capitation rate certification date, including: ASOP 1 (Introductory Actuarial Standard of Practice); ASOP 5 (Incurred Health and Disability Claims); ASOP 23 (Data Quality); ASOP 25 (Credibility Procedures); ASOP 41 (Actuarial Communications); ASOP 45 (The Use of Health Status Based Risk Adjustment Methodologies); and ASOP 49 (Medicaid Managed Care Capitation Rate Development and Certification).

- Actuarial soundness and rate development requirements in the Medicaid and CHIP Managed Care Final Rule (CMS 2390-F) for the provisions effective through the managed care program rating period ending December 31, 2019.

- The *2018-2019 Medicaid Managed Care Rate Development Guide* published in May 2018 by CMS.

- The "Joint Rate-Setting Process for the Financial Alignment's Capitated Model" published by CMS on March 19, 2019[1].

- Throughout this document and consistent with the requirements under 42 CFR 438.4(a), the term "actuarially sound" will be defined as in ASOP 49:

"Medicaid capitation rates are "actuarially sound" if, for business for which the certification is being prepared and for the period covered by the certification, projected capitation rates and other revenue sources provide for all reasonable, appropriate, and attainable costs. For purposes of this definition, other revenue sources include, but are not limited to, expected reinsurance and governmental stop-loss cash flows, governmental risk-adjustment cash flows, and investment income. For purposes of this definition, costs include, but are not limited to, expected health benefits; health benefit settlement expenses; administrative expenses; the cost of capital, and government-mandated assessments, fees, and taxes."[2]

In our development of the capitation rates for the Prime program, we relied on regulatory guidance related to the capitation rate setting methodology and the mandatory joint savings percentage required by the three-way contract.

[1] "Joint Rate-Setting Process for the Financial Alignment's Capitated Model", https://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/FinancialAlignmentInitiative/Downloads/CapitatedModelRateSettingProcess03192019.pdf. Accessed 9/9/2019.
[2] http://www.actuarialstandardsboard.org/asops/medicaid-managed-care-capitation-rate-development-and-certification/

II. Executive Summary

This report is an amendment to the documentation of the Original capitation rate certification for CY 2019. We have updated those rates to include program adjustments not reflected in the Original certification. Unless stated otherwise, all assumptions are consistent with our Original certification.

SUMMARY OF METHODOLOGY

The methodology used in developing the amendment to the certified CY 2019 capitation rates for effective dates of July 1, 2019 through December 31, 2019 is outlined below.

Step 1: Base Experience

We used the projected claims data underlying the CY 2019 Prime capitation rates, as outlined in the Original certification, as base experience for developing the July 1, 2019 capitation rates. These projected claims costs are inclusive of all retrospective, prospective, trend, and other claims cost adjustments made to the data as outlined in the Original certification.

Step 2: Adjustments for prospective program and policy changes

The base experience is adjusted for known policy and program changes that are expected to be implemented in July through December 2019. Documentation of the July through December 2019 adjustment factors is provided in this report. Adjustments were applied to the base experience data to reflect program changes not included in the Original certification. The resulting values establish the adjusted claim cost by population rate cell for the contract period.

Step 3: Application of selection factor, demonstration savings, and non-benefit costs.

The projected claim cost by population rate cell is adjusted for selection factor, demonstration savings adjustments, and non-benefit costs. The demonstration savings adjustment and the non-benefit costs have not changed and are consistent with documentation included in the Original certification. The selection factor has been adjusted to reflect anticipated mix changes from a July 2019 passive enrollment wave that was not included in the Original certification.

Step 4: Development and issuance of actuarial certification

An actuarial certification is included and signed by Marlene T. Howard, FSA, a Principal and Consulting Actuary in the Indianapolis office of Milliman, Inc. Ms. Howard meets the qualification standards established by the American Academy of Actuaries and follows the practice standards established by the Actuarial Standards Board, in order to certify that the final rates meet the standards in 42 CFR 438.4(a).

FISCAL IMPACT ESTIMATE

Figure 1 provides a comparison of the July 1, 2019 rates relative to the CY 2019 rates effective January 1, 2019. The rates in Figure 1 reflect a 3% shared savings percentage applicable to capitation rates in CY 2019. The composite rates illustrated for both July 1, 2019 and CY 2019 have been developed based on estimated average monthly enrollment for July 1, 2019 through December 31, 2019

FIGURE 1: Comparison of CY 2019 and July 2019 Capitation Rates & Estimated Fiscal Impact

Rate Cell	Projected Jul-Dec 2019 Member Months	CY 2019 Medicaid Rate	July 2019 Medicaid Rate	Increase/ (Decrease)	Estimated Fiscal Impact
Community	76,588	$ 86.44	$ 88.17	2.0%	$ 132,000
Nursing Facility	1,083	$ 5,617.24	$ 5,754.23	2.4%	$ 148,000
HCBS Waiver	15,282	$ 1,335.74	$ 1,339.09	0.3%	$ 51,000
HCBS Waiver – Plus Rate	450	$ 3,598.85	$ 3,692.09	2.6%	$ 42,000
Composite	**93,403**	**$ 371.89**	**$ 375.90**	**1.1%**	**$ 373,000**

Please note:

- The capitation rates reflect the current benefit package for July through December 2019 approved by the State and CMS as of the date of this report. The rates may need to be revised if policy and program changes occur for this period.

- Consistent with the capitation rate development methodology documented in the Original certification, the July 2019Nursing Facility capitation rate was developed based on projected gross nursing facility rates. On an individual basis, SCDHHS will deduct the actual patient pay liability amount from the Nursing Facility capitation rate shown in Figure 1 and pay the net capitation rate to the coordinated and integrated care organizations (CICOs).

- The HCBS Waiver – Plus rate was calculated as the HCBS Waiver base rate plus two-thirds of the difference between the institutional portion of the Nursing Facility rate (less an estimated average daily patient liability amount of $33.39, consistent with Original certification) and the waiver services portion of the HCBS Waiver base rate.

- Projected July through December 2019 member months were developed by applying a 3% annual disenrollment rate to currently-enrolled Prime members as of June 2019, and applying historical passive enrollment experience trends to the July 2019 anticipated passively enrolled members.

Appendix 1 contains the actuarial certification.

Appendix 2 contains the July 2019 capitation rate summary.

Appendix 3 contains a summary of the July 2019 capitation rate amendment development.

III. Prospective Data Adjustments

POLICY AND PROGRAM ADJUSTMENTS: JULY THROUGH DECEMBER 2019

Adjustment Factors for the July 2019 rate amendment were developed for the following policy and program changes, known as of the date of this report, that affect the Healthy Connections Prime Program during July through December 2019. The impact to the Healthy Connections Prime capitation rates can be viewed in Appendix B and Appendix C.

NURSING FACILITY REIMBURSEMENT CHANGES

Effective October 1, 2019, SCDHHS is anticipated to implement a reimbursement rate change to DHHS nursing facilities. Based on a public notice published August 16, 2019, the estimated impact of the rate change for the room and board component of the nursing facility rate is 5.1%. To account for the October 1, 2019 effective date, the increase for the last three months of the July through December 2019 contract period is spread over the full six month period. As such, the estimated impact to the affected Institutional categories of service for the July through December 2019 contract period is 2.6% on the Nursing Facility rate cell, and 3.1% on the Community and the HCBS Waiver rate cells. The Community and HCBS Waiver rate cells are presented net of patient liability and therefore have a larger impact than the Nursing Facility rate cell, which is calculated gross of patient liability.

OPIOID TREATMENT CLINIC PROGRAMS (OTPS) CARVE-IN

Effective January 1, 2019, SCDHHS added coverage of OTPs for Medication-Assisted Treatment (MAT) to the Medicaid state plan for Medicaid beneficiaries with a confirmed diagnosis of opioid use disorder (OUD). Based on emerging experience and the expected ramp-up associated with a new service offering, we do not anticipate a material impact for the January through June time period.

To estimate the impact of this program change on the July through December 2019 contract period, we identified OUD-diagnosed individuals in the CY 2017 FFS Prime-eligible base data. The CY 2017 OUD-diagnosed individuals were then increased by a factor of 1.75 based on our review of other states to recognize the anticipated increase in OUD diagnoses due to increased accessibility of MAT through the addition of OTPs to the state plan benefits. We then applied a methadone treatment prevalence to the OUD-diagnosed individuals based on observed treatment percentages in other Medicaid states who have implemented similar programs. Based on this review, we estimated a methadone treatment prevalence of 6.8% for OUD-diagnosed individuals. Based on guidance from SCDHHS on reimbursement rates, OTP service guidelines, and an estimated treatment duration of 8.5 months, the estimated impact to the July 2019 through December 2019 rates is approximately $30,000.

PHYSICIAN (NON-FQHC) REIMBURSEMENT CHANGES

Effective July 1, 2019, the SC Medicaid physician fee schedules were updated for family practice, obstetrics and gynecology, pediatric subspecialists, neonatologists, lab and radiology, podiatrists, chiropractors, enhanced qualifying providers, and other medical professionals. The physician reimbursement rates reflect updated rates based on a relativity to the 2019 Medicare Fee Relative Value Unit (RVU) and Clinical Lab Fee schedules.

Due to data limitations, we are unable to perform a comprehensive repricing analysis of all claims utilization for the dual-eligible population to estimate the impact of the physician reimbursement change. We receive monthly claim line detail from SCDHHS on all FFS claims where there is a Medicaid payment; however, we do not receive claim information on FFS claims with $0 Medicaid liability for duals.. For example, for dual-eligible members where the Medicare payment exceeds the Medicaid allowed amount on the composite claim, the claim would have $0 Medicaid liability. In these cases, we do not have access to the claim line detail for repricing analyses. Therefore, as a proxy, we have assumed the impact to be consistent with the SSI Adult non-dual population assumption documented in the SFY 2020 Medicaid Managed Care Capitation Rate Setting Certification, dated June 13, 2019. Based on this population and the mix of services in the Prime-eligible FFS population, the estimated impact to the physician and ancillary services is approximately 1.8%, 2.9%, and 0.8% for the Community, Nursing Facility, and HCBS rate cells, respectively.

JULY 1, 2019 PASSIVE ENROLLMENT WAVE

On July 1, 2019, SCDHHS anticipates passively enrolling a wave of 1,364 D-SNP (1,139 Community/225 HCBS Waiver) members into the Prime program, which impacts the selection factors assumed for these populations in the Original certification. Consistent with the Original certification, the selection factor is developed using the estimated average membership and the cost relativities observed between the D-SNP members and the CY 2017 base data. As illustrated in Figure 2, the Community selection factor was developed based on a distribution of three independent populations:

- **January 1, 2019 D-SNP Enrollees**. Consistent with historical experience, we applied a 3% annual lapse rate to the January 1, 2019 D-SNP passively-enrolled individuals that remained in the Prime program as of June 2019. The D-SNP enrollees are assumed to have a lower cost profile than the CY 2017 base data, with a morbidity relativity of 0.65 consistent with the assumption used in the Original certification.
- **July 1, 2019 D-SNP Enrollees**. Based on the observed opt-out data for the first six months of the January 1, 2019 D-SNP passive enrollment wave, we estimated the average monthly enrollment for the July 1, 2019 passive enrollment wave to be 833 members in Community for the July through December 2019 period. Consistent with the January 1, 2019 D-SNP passive enrollment wave assumptions documented in the Original certification, July D-SNP enrollees are assumed to have a morbidity of 0.65 relative to the CY 2017 base data for the Community population.
- **Non D-SNP Prime Enrollees**. Consistent with historical experience, we applied a 3% annual lapse rate to all members currently enrolled in the Prime program as of June 2019, excluding D-SNP member who were passively enrolled in January 2019.

FIGURE 2: Community - Selection Factor Development

Rate Cell	Estimated Average July - December 2019 Membership	Morbidity Relativity
January 1, 2019 D-SNP Enrollees	1,885	0.650
July 1, 2019 D-SNP Enrollees	833	0.650
Non D-SNP Prime Enrollees	10,048	1.000
Composite	**12,766**	**0.925**

Figure 3 illustrates the selection factor development for the HCBS Waiver rate cell. All membership assumptions (e.g., annual lapse rates and passively-enrolled opt-out rates for D-SNP members) are consistent with the Community population described above. The anticipated average monthly enrollment for the July 1, 2019 D-SNP passive enrollment wave is assumed to be 165 in the HCBS Waiver population for the July through December 2019 period. The assumed morbidity of the D-SNP passively-enrolled members and the current non-DSNP Prime-enrolled members are 1.0 and 1.06, respectively, consistent with the assumptions documented in the Original certification.

FIGURE 3: HCBS - Selection Factor Development

Rate Cell	Estimated Average July - December 2019 Membership	Morbidity Relativity
January 1, 2019 D-SNP Enrollees	400	1.000
July 1, 2019 D-SNP Enrollees	165	1.000
Non D-SNP Prime Enrollees	1,983	1.060
Composite	**2,548**	**1.046**

IV. Limitations

The services provided by Milliman to SCDHHS were performed under the signed consulting agreement between Milliman and SCDHHS effective July 1, 2019.

The information contained in this letter, including the enclosures, has been prepared for SCDHHS and their consultants and advisors. It is our understanding that the information contained in this letter may be utilized in a public document. To the extent that the information contained in this letter is provided to third parties, the letter should be distributed in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the data presented.

Milliman makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this letter prepared for SCDHHS by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this letter must rely upon their own experts in drawing conclusions about the capitation rates, assumptions, and trends.

Although the capitation rates have been certified as actuarially sound, the capitation rates may not be appropriate for any individual CICO. It should be emphasized that capitation rates are a projection of future costs based on a set of assumptions. Results will differ if actual experience is different from the assumptions contained in the capitation rate setting documentation. SCDHHS and Milliman provide no guarantee, either written or implied, that the data and information is 100% accurate or error free.

Milliman has relied on information provided by SCDHHS and the participating CICOs in the development of the July through December 2019 capitation rates. We have relied upon SCDHHS and the CICOs for the accuracy of the data and accept it without audit. To the extent that the data provided are not accurate, the capitation rate development would need to be modified to reflect revised information.

The information contained in this letter was prepared as documentation of the actuarially sound capitation rates for the Medicaid component of the Healthy Connections Prime program in the State of South Carolina. Although the capitation rates have been certified as actuarially sound, the capitation rates may not be appropriate for any individual health plan.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The authors of this report are members of the American Academy of Actuaries and meet the qualification standards for performing the analyses contained herein.

Appendix A: Actuarial certification

State of South Carolina
Department of Health and Human Services
Healthy Connections Prime Program – Medicaid Component
Capitation Rates Effective July 1, 2019 through December 31, 2019

Actuarial Certification - Amendment

I, Marlene T. Howard, am a Principal and Consulting Actuary with the firm of Milliman, Inc. I am a Member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. I meet the qualification standards established by the American Academy of Actuaries and have followed the standards of practice established by the Actuarial Standards Board. I have been employed by the State of South Carolina and am generally familiar with the state-specific Medicaid program, eligibility rules, and benefit provisions.

Assessment of actuarial soundness, in the context of Prime, should consider both Medicare and Medicaid contributions and the opportunities for efficiencies unique to an integrated care program. CMS considers the Medicaid actuarial soundness requirements to be flexible enough to consider efficiencies and savings that may be associated with Medicare. Therefore, CMS does not believe that a waiver of Medicaid actuarial soundness principles is necessary in the context of this Demonstration. The capitation rates provided with this certification are considered "actuarially sound" for purposes of 42 CFR 438.4(a), according to the following criteria:

- the capitation rates provide for all reasonable, appropriate, and attainable costs that are required under terms of the contract and for the operation of the CICO for the time period and population covered under the terms of the contract, and such capitation rates were developed in accordance with the requirements under 42 CFR 438.4(b).

For the purposes of this certification and consistent with the requirements under 42 CFR 438.4(a), "actuarial soundness" is defined as in ASOP 49:

"Medicaid capitation rates are "actuarially sound" if, for business for which the certification is being prepared and for the period covered by the certification, projected capitation rates and other revenue sources provide for all reasonable, appropriate, and attainable costs. For purposes of this definition, other revenue sources include, but are not limited to, expected reinsurance and governmental stop-loss cash flows, governmental risk-adjustment cash flows, and investment income. For purposes of this definition, costs include, but are not limited to, expected health benefits; health benefit settlement expenses; administrative expenses; the cost of capital, and government-mandated assessments, fees, and taxes."

The assumptions used in the development of the "actuarially sound" capitation rates have been documented in my correspondence with the State of South Carolina. In the development of the capitation rates for the Prime program, I relied on regulatory guidance related to the capitation rate setting methodology and the mandatory joint savings percentage required by the three-way contract. The "actuarially sound" capitation rates that are associated with this certification are effective for the rate period July 1, 2019 through December 31, 2019.

The capitation rates are considered actuarially sound after adjustment for the amount of the withhold not expected to be earned.

The "actuarially sound" capitation rates are based on a projection of future events. Actual experience may be expected to vary from the experience assumed in the rates.

In developing the "actuarially sound" capitation rates, I have relied upon data and information provided by the State. I have relied upon the State for audit of the data. However, I did review the data for reasonableness and consistency.

The capitation rates developed may not be appropriate for any specific health plan. An individual health plan will need to review the rates in relation to the benefits that it will be obligated to provide. The health plan should evaluate the rates in the context of its own experience, expenses, capital and surplus, and profit requirements prior to agreeing to contract with the State. The health plan may require rates above, equal to, or below the "actuarially sound" capitation rates that are associated with this certification.

Marlene T. Howard, FSA
Member, American Academy of Actuaries

October 1, 2019
Date

Appendix B: Certified Capitation Rates

South Carolina Department of Health and Human Services
July 2019 Healthy Connections Prime Capitation Rate Development Amendment
July 2019 through December 2019 Capitation Rate Summary

Population	Estimated July - December 2019 Member Months	CY 2019 Capitation Rate	July 2019 - December 2019 Amended Rates: Projected PMPM Before Selection	Selection Factor	Projected Baseline Rate	Estimated Patient Liability	Projected Rate (Net of Patient Liability)	Administrative Costs	Demonstration Savings Factor	Amended Jul-Dec 2019 Capitation Rate	Percent Increase	July - December 2019 Estimated Impact
Community	76,588	$ 86.44	$ 88.49	0.925	$ 81.90	$ 0.00	$ 81.90	$ 9.00	0.97	$ 88.17	2.0%	$ 132,000
Nursing Facility	1,083	5,617.24	5,811.01	1.000	5,811.01	1,008.56	4,802.45	90.00	0.97	5,754.23	2.4%	148,000
HCBS Waiver	15,282	1,335.74	1,233.17	1.046	1,290.51	-	1,290.51	90.00	0.97	1,339.09	0.3%	51,000
Waiver Plus	450	3,598.85	3,806.28		$ 3,806.28	-	$ 3,806.28		0.97	3,692.09	2.6%	42,000
Composite	***93,403***	***$ 371.89***	***$ 360.04***		***$ 364.01***		***$ 352.32***			***$ 375.90***	***1.1%***	***$ 373,000***

1. Projected Baseline Rate: Illustrates the estimated Medicaid cost to the state absent the dual demonstration on a per member per month basis, prior to application of the selection factor.
2. CY 2019 Capitation Rate: Applies 3% savings to the projected baseline rate for Demonstration Year 4.
3. The Waiver Plus rate is estimated as the HCBS waiver rate plus 2/3 of the difference between the institutional portion of the Nursing Facility rate net of patient liability and the waiver services component of the HCBS Waiver capitation rate, adjusted for the selection factor.
4. The administrative costs for the Waiver Plus rate are included in the projected baseline rate as a result of the Waiver Plus rate calculation documented in item 3.

Appendix C: Capitation Rate Development

South Carolina Department of Health and Human Services
July 2019 Healthy Connections Prime Capitation Rate Development Amendment
July 2019 through December 2019 Capitation Rate Summary

Rate Cell: Community	CY 2019 Capitation Rate					July - December 2019 Amended Capitation Rate (excl Add-On)				Jul-Dec 2019 Amended (incl Add-On)
Category of Service	Utilization per 1,000	Cost per Service	PMPM	October 2019 Nursing Facility Increase	July 2019 Physician Reimb Impact	Utilization per 1,000	Cost per Service	PMPM	OTP PMPM Add On	PMPM
Inpatient Hospital										
Inpatient Medical/Surgical/Non-Delivery	1,045.5	$ 289.21	$ 25.20	1.000	1.000	1,045.5	$ 289.21	$ 25.20	-	$ 25.20
Inpatient MH/SA	87.2	314.29	2.28	1.000	1.000	87.2	314.29	2.28	-	2.28
Other Inpatient	-	-	-	1.000	1.000	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 27.48**					**$ 27.48**	**$ 0.00**	**$ 27.48**
Outpatient Hospital										
Surgery	147.5	$ 190.73	$ 2.34	1.000	1.000	147.5	$ 190.73	$ 2.34	-	$ 2.34
Non-Surg - Emergency Room	262.2	66.59	1.45	1.000	1.000	262.2	66.59	1.45	-	1.45
Non-Surg - Other	242.3	22.77	0.46	1.000	1.000	242.3	22.77	0.46	-	0.46
Observation Room	19.1	48.75	0.08	1.000	1.000	19.1	48.75	0.08	-	0.08
Treatment/Therapy/Testing	541.2	83.87	3.78	1.000	1.000	541.2	83.87	3.78	-	3.78
Other Outpatient	28.9	78.61	0.19	1.000	1.000	28.9	78.61	0.19	-	0.19
Subtotal Outpatient Hospital			**$ 8.31**					**$ 8.31**	**$ 0.00**	**$ 8.31**
Institutional										
DHHS Nursing Home	1,332.9	$ 160.92	$ 17.87	1.031	1.000	1,332.9	$ 165.90	$ 18.43	-	$ 18.43
DMH Nursing Home	9.4	249.23	0.19	1.000	1.000	9.4	249.23	0.19	-	0.19
Nursing Home Swing Beds	-	-	-	1.000	1.000	-	-	-	-	-
Hospice Room & Board	97.8	154.25	1.26	1.031	1.000	97.8	159.07	1.30	-	1.30
Subtotal Institutional			**$ 19.33**					**$ 19.92**	**$ 0.00**	**$ 19.92**
Professional										
Inpatient and Outpatient Surgery	537.5	$ 27.68	$ 1.24	1.000	0.973	537.5	$ 26.93	$ 1.21	-	$ 1.21
Anesthesia	134.3	20.53	0.23	1.000	0.999	134.3	20.52	0.23	-	0.23
Inpatient Visits	1,604.7	21.67	2.90	1.000	1.035	1,604.7	22.44	3.00	-	3.00
MH/SA	2,237.1	11.99	2.23	1.000	1.004	2,237.1	12.04	2.24	0.32	2.57
Emergency Room	206.4	33.82	0.58	1.000	1.034	206.4	34.98	0.60	-	0.60
Office/Home Visits/Consults	3,218.5	31.14	8.35	1.000	1.052	3,218.5	32.76	8.79	-	8.79
Pathology/Lab	732.1	3.82	0.23	1.000	0.903	732.1	3.45	0.21	-	0.21
Radiology	900.7	15.38	1.15	1.000	1.035	900.7	15.92	1.19	-	1.19
Office Administered Drugs	32,840.4	2.32	6.34	1.000	1.000	32,840.4	2.32	6.34	-	6.34
Physical Exams	29.2	18.28	0.04	1.000	1.012	29.2	18.49	0.04	-	0.04
Therapy	140.8	4.24	0.05	1.000	1.005	140.8	4.26	0.05	-	0.05
Vision	180.0	28.31	0.42	1.000	1.000	180.0	28.31	0.42	-	0.42
Other Professional	2,839.4	6.72	1.59	1.000	1.015	2,839.4	6.83	1.62	-	1.62
Subtotal Professional			**$ 25.38**					**$ 25.95**	**$ 0.32**	**$ 26.27**
Ancillary										
Prescription Drugs	483.5	$ 7.91	$ 0.32	1.000	1.000	483.5	$ 7.91	$ 0.32	-	$ 0.32
Transportation	41.4	27.78	0.10	1.000	1.000	41.4	27.78	0.10	-	0.10
DME/Prosthetics	11,642.1	3.89	3.77	1.000	1.000	11,642.1	3.89	3.77	-	3.77
Incontinence Supplies	459.5	32.92	1.26	1.000	1.000	459.5	32.92	1.26	-	1.26
Other Ancillary	1,212.5	7.03	0.71	1.000	1.000	1,212.5	7.03	0.71	-	0.71
Subtotal Ancillary			**$ 6.16**					**$ 6.16**	**$ 0.00**	**$ 6.16**
Waiver Services										
Personal Care I (General Housekeeping)	43.5	$ 14.88	$ 0.05	1.000	1.000	43.5	$ 14.88	$ 0.05	-	$ 0.05
Personal Care II - Homemaker	45.7	25.80	0.10	1.000	1.000	45.7	25.80	0.10	-	0.10
Attendant/Companion	3.3	29.86	0.01	1.000	1.000	3.3	29.86	0.01	-	0.01
PA, RN, LPN, CNA Providers and Therapies	-	-	-	1.000	1.000	-	-	-	-	-
Home Delivered Meals	12.6	37.05	0.04	1.000	1.000	12.6	37.05	0.04	-	0.04
Adult Day Health Care	4.7	56.40	0.02	1.000	1.000	4.7	56.40	0.02	-	0.02
Case Management	16.3	72.08	0.10	1.000	1.000	16.3	72.08	0.10	-	0.10
Other Waiver Services	9.3	36.06	0.03	1.000	1.000	9.3	36.06	0.03	-	0.03
Subtotal Waiver Services			**$ 0.35**					**$ 0.35**	**$ 0.00**	**$ 0.35**
Total Medical Cost			**$ 87.00**					**$ 88.17**	**$ 0.32**	**$ 88.49**

South Carolina Department of Health and Human Services
July 2019 Healthy Connections Prime Capitation Rate Development Amendment
July 2019 through December 2019 Capitation Rate Summary

Rate Cell: Nursing Facility	CY 2019 Capitation Rate					July - December 2019 Amended Capitation Rate (excl Add-On)				Jul-Dec 2019 Amended (incl Add-On)
Category of Service	Utilization per 1,000	Cost per Service	PMPM	October 2019 Nursing Facility Increase	July 2019 Physician Reimb Impact	Utilization per 1,000	Cost per Service	PMPM	OTP PMPM Add On	PMPM
Inpatient Hospital										
Inpatient Medical/Surgical/Non-Delivery	1,420.6	$ 250.95	$ 29.71	1.000	1.000	1,420.6	$ 250.95	$ 29.71	-	$ 29.71
Inpatient MH/SA	18.0	205.80	0.31	1.000	1.000	18.0	205.80	0.31	-	0.31
Other Inpatient	-	-	-	1.000	1.000	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 30.02**					**$ 30.02**	**$ 0.00**	**$ 30.02**
Outpatient Hospital										
Surgery	131.1	$ 133.35	$ 1.46	1.000	1.000	131.1	$ 133.35	$ 1.46	-	$ 1.46
Non-Surg - Emergency Room	127.1	68.33	0.72	1.000	1.000	127.1	68.33	0.72	-	0.72
Non-Surg - Other	71.8	22.06	0.13	1.000	1.000	71.8	22.06	0.13	-	0.13
Observation Room	42.6	28.12	0.10	1.000	1.000	42.6	28.12	0.10	-	0.10
Treatment/Therapy/Testing	181.1	57.48	0.87	1.000	1.000	181.1	57.48	0.87	-	0.87
Other Outpatient	12.8	120.04	0.13	1.000	1.000	12.8	120.04	0.13	-	0.13
Subtotal Outpatient Hospital			**$ 3.41**					**$ 3.41**	**$ 0.00**	**$ 3.41**
Institutional										
DHHS Nursing Home	331,835.7	$ 184.60	$ 5,104.71	1.026	1.000	331,835.7	$ 189.33	$ 5,235.64	-	$ 5,235.64
DMH Nursing Home	4,693.6	346.19	135.40	1.000	1.000	4,693.6	346.19	135.40	-	135.40
Nursing Home Swing Beds	73.3	169.49	1.04	1.000	1.000	73.3	169.49	1.04	-	1.04
Hospice Room & Board	25,831.8	173.05	372.53	1.026	1.000	25,831.8	177.49	382.08	-	382.08
Subtotal Institutional			**$ 5,613.67**					**$ 5,754.16**	**$ 0.00**	**$ 5,754.16**
Professional										
Inpatient and Outpatient Surgery	288.8	$ 21.17	$ 0.51	1.000	0.973	288.8	$ 20.60	$ 0.50	-	$ 0.50
Anesthesia	87.3	15.84	0.12	1.000	0.999	87.3	15.83	0.12	-	0.12
Inpatient Visits	6,503.4	22.81	12.36	1.000	1.035	6,503.4	23.61	12.80	-	12.80
MH/SA	1,021.6	18.17	1.55	1.000	1.004	1,021.6	18.25	1.55	0.09	1.65
Emergency Room	174.2	27.63	0.40	1.000	1.034	174.2	28.58	0.42	-	0.42
Office/Home Visits/Consults	1,111.6	39.02	3.61	1.000	1.052	1,111.6	41.05	3.80	-	3.80
Pathology/Lab	114.7	5.11	0.05	1.000	0.903	114.7	4.61	0.04	-	0.04
Radiology	694.1	8.01	0.46	1.000	1.035	694.1	8.29	0.48	-	0.48
Office Administered Drugs	4,418.1	1.65	0.61	1.000	1.000	4,418.1	1.65	0.61	-	0.61
Physical Exams	0.3	48.69	0.00	1.000	1.012	0.3	49.25	0.00	-	0.00
Therapy	-	-	-	1.000	1.005	-	-	-	-	-
Vision	56.1	33.35	0.16	1.000	1.000	56.1	33.35	0.16	-	0.16
Other Professional	683.6	6.46	0.37	1.000	1.015	683.6	6.56	0.37	-	0.37
Subtotal Professional			**$ 20.19**					**$ 20.84**	**$ 0.09**	**$ 20.93**
Ancillary										
Prescription Drugs	1,522.2	$ 6.33	$ 0.80	1.000	1.000	1,522.2	$ 6.33	$ 0.80	-	$ 0.80
Transportation	9.7	37.09	0.03	1.000	1.000	9.7	37.09	0.03	-	0.03
DME/Prosthetics	68,530.5	0.27	1.53	1.000	1.000	68,530.5	0.27	1.53	-	1.53
Incontinence Supplies	15.7	37.70	0.05	1.000	1.000	15.7	37.70	0.05	-	0.05
Other Ancillary	47.3	15.00	0.06	1.000	1.000	47.3	15.00	0.06	-	0.06
Subtotal Ancillary			**$ 2.47**					**$ 2.47**	**$ 0.00**	**$ 2.47**
Waiver Services										
Personal Care I (General Housekeeping)	2.0	$ 16.50	$ 0.00	1.000	1.000	2.0	$ 16.50	$ 0.00	-	$ 0.00
Personal Care II - Homemaker	2.0	22.61	0.00	1.000	1.000	2.0	22.61	0.00	-	0.00
Attendant/Companion	-	-	-	1.000	1.000	-	-	-	-	-
PA, RN, LPN, CNA Providers and Therapies	-	-	-	1.000	1.000	-	-	-	-	-
Home Delivered Meals	0.1	73.22	0.00	1.000	1.000	0.1	73.22	0.00	-	0.00
Adult Day Health Care	-	-	-	1.000	1.000	-	-	-	-	-
Case Management	0.9	71.98	0.01	1.000	1.000	0.9	71.98	0.01	-	0.01
Other Waiver Services	-	-	-	1.000	1.000	-	-	-	-	-
Subtotal Waiver Services			**$ 0.01**					**$ 0.01**	**$ 0.00**	**$ 0.01**
Total Medical Cost			**$ 5,669.77**					**$ 5,810.91**	**$ 0.09**	**$ 5,811.01**

South Carolina Department of Health and Human Services
July 2019 Healthy Connections Prime Capitation Rate Development Amendment
July 2019 through December 2019 Capitation Rate Summary

Rate Cell: HCBS	CY 2019 Capitation Rate					July - December 2019 Amended Capitation Rate (excl Add-On)				Jul-Dec 2019 Amended (incl Add-On)
Category of Service	Utilization per 1,000	Cost per Service	PMPM	October 2019 Nursing Facility Increase	July 2019 Physician Reimb Impact	Utilization per 1,000	Cost per Service	PMPM	OTP PMPM Add On	PMPM
Inpatient Hospital										
Inpatient Medical/Surgical/Non-Delivery	2,453.8	$ 260.34	$ 53.24	1.000	1.000	2,453.8	$ 260.34	$ 53.24	-	$ 53.24
Inpatient MH/SA	40.5	121.76	0.41	1.000	1.000	40.5	121.76	0.41	-	0.41
Other Inpatient	-	-	-	1.000	1.000	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 53.65**					**$ 53.65**	**$ 0.00**	**$ 53.65**
Outpatient Hospital										
Surgery	277.9	$ 174.20	$ 4.03	1.000	1.000	277.9	$ 174.20	$ 4.03	-	$ 4.03
Non-Surg - Emergency Room	477.7	67.80	2.70	1.000	1.000	477.7	67.80	2.70	-	2.70
Non-Surg - Other	292.8	19.54	0.48	1.000	1.000	292.8	19.54	0.48	-	0.48
Observation Room	44.8	43.91	0.16	1.000	1.000	44.8	43.91	0.16	-	0.16
Treatment/Therapy/Testing	585.6	80.40	3.92	1.000	1.000	585.6	80.40	3.92	-	3.92
Other Outpatient	34.0	77.24	0.22	1.000	1.000	34.0	77.24	0.22	-	0.22
Subtotal Outpatient Hospital			**$ 11.51**					**$ 11.51**	**$ 0.00**	**$ 11.51**
Institutional										
DHHS Nursing Home	1,248.2	$ 164.85	$ 17.15	1.031	1.000	1,248.2	$ 169.93	$ 17.68	-	$ 17.68
DMH Nursing Home	-	-	-	1.000	1.000	-	-	-	-	-
Nursing Home Swing Beds	5.2	165.32	0.07	1.000	1.000	5.2	165.32	0.07	-	0.07
Hospice Room & Board	86.7	165.93	1.20	1.031	1.000	86.7	171.05	1.24	-	1.24
Subtotal Institutional			**$ 18.42**					**$ 18.98**	**$ 0.00**	**$ 18.98**
Professional										
Inpatient and Outpatient Surgery	710.9	$ 30.48	$ 1.81	1.000	0.973	710.9	$ 29.66	$ 1.76	-	$ 1.76
Anesthesia	182.4	15.87	0.24	1.000	0.999	182.4	15.86	0.24	-	0.24
Inpatient Visits	3,502.2	21.53	6.28	1.000	1.035	3,502.2	22.29	6.50	-	6.50
MH/SA	1,848.3	11.64	1.79	1.000	1.004	1,848.3	11.69	1.80	0.36	2.16
Emergency Room	428.2	29.43	1.05	1.000	1.034	428.2	30.44	1.09	-	1.09
Office/Home Visits/Consults	3,912.2	27.41	8.94	1.000	1.052	3,912.2	28.84	9.40	-	9.40
Pathology/Lab	877.3	2.81	0.21	1.000	0.903	877.3	2.54	0.19	-	0.19
Radiology	1,167.6	10.24	1.00	1.000	1.035	1,167.6	10.59	1.03	-	1.03
Office Administered Drugs	38,717.6	2.21	7.14	1.000	1.000	38,717.6	2.21	7.14	-	7.14
Physical Exams	35.4	17.56	0.05	1.000	1.012	35.4	17.76	0.05	-	0.05
Therapy	302.0	2.45	0.06	1.000	1.005	302.0	2.46	0.06	-	0.06
Vision	153.6	24.77	0.32	1.000	1.000	153.6	24.77	0.32	-	0.32
Other Professional	2,251.8	7.34	1.38	1.000	1.015	2,251.8	7.45	1.40	-	1.40
Subtotal Professional			**$ 30.26**					**$ 30.98**	**$ 0.36**	**$ 31.34**
Ancillary										
Prescription Drugs	772.9	$ 29.34	$ 1.89	1.000	1.000	772.9	$ 29.34	$ 1.89	-	$ 1.89
Transportation	135.2	33.50	0.38	1.000	1.000	135.2	33.50	0.38	-	0.38
DME/Prosthetics	72,150.1	2.65	15.95	1.000	1.000	72,150.1	2.65	15.95	-	15.95
Incontinence Supplies	16,012.9	29.78	39.74	1.000	1.000	16,012.9	29.78	39.74	-	39.74
Other Ancillary	419.3	56.52	1.97	1.000	1.000	419.3	56.52	1.97	-	1.97
Subtotal Ancillary			**$ 59.93**					**$ 59.93**	**$ 0.00**	**$ 59.93**
Waiver Services										
Personal Care I (General Housekeeping)	153,610.1	$ 16.60	$ 212.49	1.000	1.000	153,610.1	$ 16.60	$ 212.49	-	$ 212.49
Personal Care II - Homemaker	174,237.9	28.26	410.27	1.000	1.000	174,237.9	28.26	410.27	-	410.27
Attendant/Companion	52,386.4	27.30	119.18	1.000	1.000	52,386.4	27.30	119.18	-	119.18
PA, RN, LPN, CNA Providers and Therapies	8.5	182.54	0.13	1.000	1.000	8.5	182.54	0.13	-	0.13
Home Delivered Meals	28,357.5	38.30	90.50	1.000	1.000	28,357.5	38.30	90.50	-	90.50
Adult Day Health Care	18,415.8	56.40	86.55	1.000	1.000	18,415.8	56.40	86.55	-	86.55
Case Management	12,185.1	72.00	73.11	1.000	1.000	12,185.1	72.00	73.11	-	73.11
Other Waiver Services	22,594.2	34.80	65.52	1.000	1.000	22,594.2	34.80	65.52	-	65.52
Subtotal Waiver Services			**$ 1,057.76**					**$ 1,057.76**	**$ 0.00**	**$ 1,057.76**
Total Medical Cost			**$ 1,231.53**					**$ 1,232.81**	**$ 0.36**	**$ 1,233.17**

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